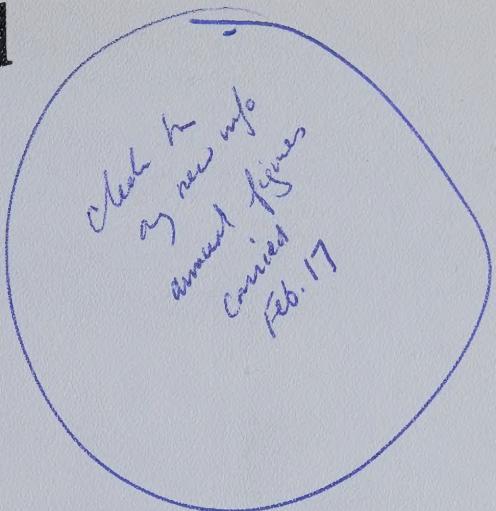


Bovis Corporation Limited

1971 Annual Report

AR32



Cover photographs were selected to graphically illustrate the diversification and wide range of activities in which Bovis Corporation Limited and its wholly owned subsidiaries are engaged: (left to right)

Top Row: 1. New heavy construction equipment at Federal Equipment (Canada) Ltd., Montreal. 2. A caisson being lowered into position by McNamara Marine.

Centre Row: 1. Heavy Construction activity at the Kettle Rapids Dam project in Northern Manitoba. 2. Residential construction using lumber and building materials from Keele Lumber. 3. A finished "Rock-Lug" retreaded tire being removed from a mould at Heavy Construction Tire Services.

Bottom Row: 1. Structural steel erection in Newfoundland by the Construction Division of McNamara Corporation of Newfoundland Limited. 2. A craftsman engaged in steel fabrication at McNamara Industries in Newfoundland. 3. A huge five blade, 10' wide rotating cutter head used in dredging operations by McNamara Marine.



Corporate Offices:

255 Consumers Road
WILLOWDALE, Ontario
Telephone: (416) 493-2770
Telex: 06-22226

Auditors:

Touche Ross & Co.

Bankers:

The Royal Bank of Canada
Bank of America National Trust
and Savings Association
The Bank of Nova Scotia

Transfer Agent and Registrar:

Crown Trust Company
302 Bay Street
TORONTO, Ontario

Transfer Agent (U.S.A.)

The Bank of New York
90 Washington Street
NEW YORK, N.Y.

Bonding Company:

Travelers Indemnity Company of Canada



I believe that each shareholder of the Bovis Corporation will agree that the financial results achieved during 1971 are most gratifying.

More significant, however, in your Board's assessment, is the firm platform which will be solidified in 1972 for future growth. Decisions have now been taken that will begin to direct your company's energies in a more concentrated way towards the fields of housing and property development, based on a solid foundation of our existing more profitable divisions. The impressive record of Bovis Limited in the United Kingdom and Europe, in construction, property and housing will provide vital assistance in penetrating these growing markets in North America.

We look forward to healthy increases in our Canadian company's profitability in the years ahead, each with a keen personal sense of dedication.

On behalf of the Board,
H. McNamara.

Chairman of the Board

SHARE CERTIFICATE EXCHANGE
GUNNAR MINING LIMITED SHARE CERTIFICATES
MAY BE EXCHANGED, ON A SHARE-FOR-SHARE
BASIS, FOR BOVIS CORPORATION LIMITED
CERTIFICATES BY FORWARDING THEM TO:

CANADIAN SHAREHOLDERS
STOCK TRANSFER DEPARTMENT
CROWN TRUST COMPANY
302 BAY STREET
TORONTO, ONTARIO

U.S. SHAREHOLDERS
CORPORATE AGENCIES ADMINISTRATOR
BANK OF NEW YORK
90 WASHINGTON STREET—6th Floor
NEW YORK, N.Y. 10015

Bovis Corporation Limited
and
McNamara Corporation Limited
255 Consumers Road
Willowdale, Ontario
Telephone: 493-2770

**Bovis
Corporation
Limited**
Interim Report
to
Shareholders

**Twelve Months
ended**
December 31, 1971

Bovis Corporation Limited

Report to Shareholders

Unaudited Consolidated Statement of Income

for the year ended December 31, 1971
(With comparative figures for 1970)

	1971	1970
Gross revenue, including \$15,673,000 as share of joint venture revenue (1970-\$22,020,000)	<u>\$62,835,000</u>	<u>\$62,572,000</u>
Profit from operations before undemoted, charges...	3,096,000	782,000
Interest Expense, Term Debt.....	405,000	174,000
Depreciation.....	<u>1,331,000</u>	<u>1,241,000</u>
Net income (loss) to December 31	<u>\$ 1,360,000</u>	<u>\$ (633,000)</u>

Source of Working Capital	1971	1970
Net income (loss).....	\$ 1,360,000	\$ (633,000)
Expenses which did not require outlay of funds:		
Depreciation.....	1,331,000	1,241,000
Value attributed to shares issued		752,000
From operations.....	<u>2,691,000</u>	<u>1,360,000</u>
Net book value of fixed assets sold.....	271,000	330,000
Proceeds on issuance of shares		9,000,000
Term bank loans.....	<u>2,962,000</u>	<u>17,690,000</u>

Application of Working Capital

Purchase of fixed assets	1,726,000	1,628,000
Increase in sundry investments (net).....	3,000	687,000
Reclassification as fixed assets of construction equipment previously held for resale.....		391,000
Current debt on mortgage principal	12,000	4,000
Acquisitions:		
McNamara Industries Limited and net operating assets of Keele Lumber (net).....	523,000	—
50% share of Marine Assets previously owned by Joint Venture Partner.....	<u>1,200,000</u>	<u>2,710,000</u>
Increase (decrease) in working capital before reduction of term bank loan	<u>(502,000)</u>	14,980,000
Reduction of term bank loan	<u>(3,312,000)</u>	—
Increase (decrease) in working capital	<u>(3,814,000)</u>	14,980,000
Working capital, January 1.....	<u>16,570,000</u>	<u>1,590,000</u>
Working capital, December 31	<u>\$12,756,000</u>	<u>\$16,570,000</u>

Unaudited Consolidated Statement of Source and Application of Working Capital

for the year ended December 31, 1971
(With comparative figures for 1970)

H. McNamara
Harold McNamara,
Chairman.

J. S. Bull
John S. Bull,
President.

February 15, 1972

Bovis Corporation Limited

Annual Report 1971

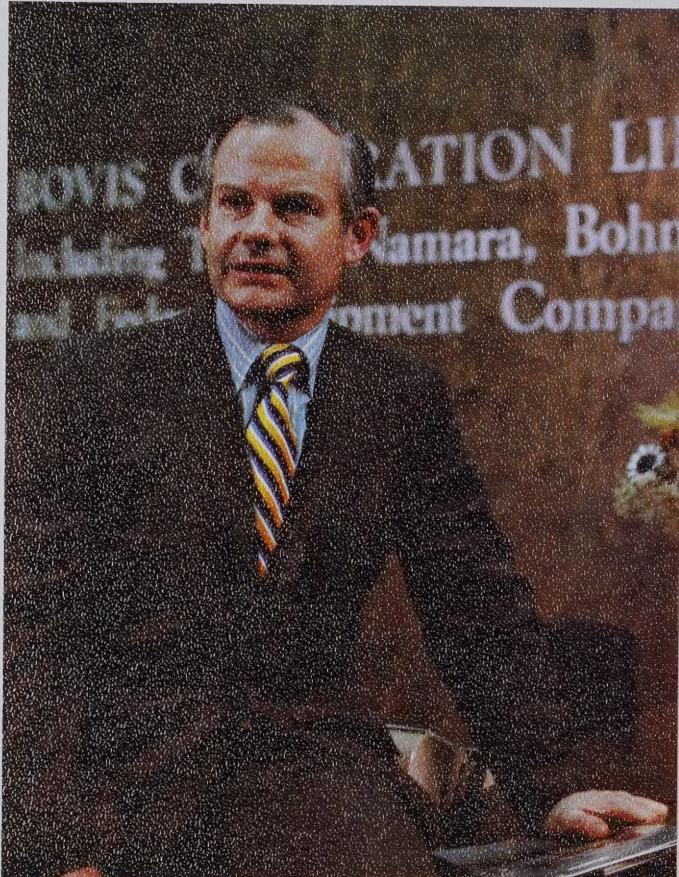
Financial Highlights

	<u>1971</u>	<u>1970</u>
Sales and Earnings		
Gross Revenue.....	\$62,835,000	\$62,572,000
Net Income (Loss).....	\$1,360,000	\$(633,000)
Earnings per common share.....	\$.116	\$(.097)
Assets and Working Capital as at December 31:		
Cash.....	\$2,131,000	\$129,000
Working Capital.....	\$12,756,000	\$16,570,000
Property, Plant and Equipment.....	\$11,602,000	\$8,895,000
Total Assets.....	\$32,146,000	\$34,330,000
Term Bank Loans	\$3,688,000	\$7,000,000
Number of shareholders and shares outstanding at December 31		
Shareholders.....	8,700	9,000
Common shares outstanding.....	11,928,466	11,628,466
Shareholders' equity.....	\$22,012,000	\$20,047,000

Contents

1	Financial Highlights
2	Letter to Shareholders
4	The Divisions: 1971 in Review
6	Financial Statements
10	Notes to Consolidated Financial Statement
12	1971 Bovis Group Highlights
	Inside Back Cover
	The Company and Its Subsidiaries
	Officers & Directors of the Company

To Our Shareholders



Introduction

The year ended December 31, 1971 represents the first full fiscal operating year for Bovis Corporation as a member of the Bovis Group.

The past year has continued to see organizational changes begun in 1970, the consolidation of certain activities, and moderate expansion of other operations. We are gratified with the profit showing of Bovis Corporation Limited this year and look forward to substantial growth and profitability improvement in 1972.

Financial Commentary

During 1971 gross revenues held at \$62,835,000 compared with \$62,572,000 in 1970.

Your company is pleased to report a net profit of \$1,360,000 in 1971 compared with a loss of \$633,000 in 1970. Profits from operations before interest and depreciation were \$3,096,000 versus \$796,000 in 1970.

Working capital as of January 1, 1971 stood at \$16,570,000. During the year, \$3,312,000 was employed to reduce the Bank Term Loans, \$1,723,000 was used in the purchase of acquisitions and, after other adjustments, working capital at December 31, 1971 stood at \$12,756,000.

Debt Financing

As of December 31, 1971, the balance sheet of your company continued to show strong improvement. The Term Bank Loans established by our bank consortium which stood at \$7,000,000 at the end of 1970, were reduced to \$3,688,000 at the end of 1971, and a favourable bank balance of \$2,131,000 reduced the company's overall bank indebtedness to \$1,557,000, representing a favourable cash flow of \$5,314,000 after providing cash outlays for acquisitions.

This fine performance, was assisted by the receipt of \$2,400,000 in December, 1971 from George A. Fuller Inc. (later renamed Gafulco Company Inc.) the joint venture partner on the Oroville Powerhouse in California.

Heavy Civil Engineering Construction

During 1971 and early in 1972, it became increasingly apparent that Bovis Corporation had reached a cross-roads in our heavy construction operations. On the one side, we had only a few large ventures in the final stages of completion, while on the other, new work which we bid was being awarded to other contractors at prices which did not appear profitable to us.

Therefore, in mid-February of 1972, after a serious and searching examination of our future aims and objectives, the decision was made to terminate further bidding of large heavy construction work immediately and continue our commitments at Kettle Rapids and Humphrey Mine, and our non-sponsored joint ventures at Welland, Lower Notch and Churchill Falls.

The decision taken was a difficult one, but took into consideration all factors relating to future profitability and the high risk elements of this type of work. It was also becoming apparent that we could maintain future profit growth if your company were to build on our other important but less vulnerable operations. These include our Newfoundland construction operations, our five supply divisions, and the McNamara Marine Division.

Changes in Directorate

During the year, your company welcomed four new Directors to the Board.

My appointment as a Director and election as President and Chief Executive Officer was confirmed in July, 1971. Mr. H. McNamara assumed full time duties as Chairman of the Board. Mr. A. L. Quinlan was appointed a member of the Board in April, 1971. Mr. R. A. Davies, Q.C., joined the Board in January 1972, and Mr. R. F. Martin in March 1972.

Acquisitions

Following the acquisition in January, 1971 of McNamara Industries Limited of St. John's, Newfoundland, your company made two further purchases during the year.

The first was the implementation of a buy/sell option on the 50% ownership of two major suction dredges, the Canadian and the Ospwagan, from our joint venture partner, at a negotiated price of \$1,200,000, to strengthen our competitive position in the marine dredging market.

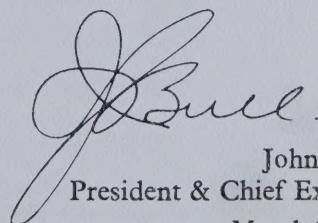
The second was the acquisition of the assets of Keele Lumber Limited in Metropolitan Toronto. This new activity broadens our base in the supply company area and provides a profitable Ontario entry into the growing building materials market.

Conclusion

During the year, your company employed 2,456 men and women across Canada at peak season. Each and every one of them has worked with dedication on your behalf towards this year's accomplishments of Bovis Corporation Limited, and to them all we extend our appreciation.

The year 1971 has proven that Bovis Corporation Limited, as the North American base for the highly successful Bovis Group, is on its way to becoming a major factor in the Canadian business community. We, as your management, are dedicated to growth through the identification and development or acquisition of sound ventures in housing and property development, while expanding the operations of our profitable Supply Group, Newfoundland Construction, and Marine Division.

To each shareholder or employee of Bovis Corporation Limited, may we conclude that in the opinion of the Management, the future of our company looks very bright and that we are committed to increasing the company's profit return through a planned program of growth and diversification.



John S. Bull
President & Chief Executive
March 28, 1972

Bovis Corporation Limited

1971 Operations Review

SUPPLY OPERATIONS

Federal Equipment (Eastern) Division

Construction equipment sales through our Federal Equipment (Eastern) Division reached record heights in 1971 and profits were at a most satisfactory level. During the year the division obtained an exclusive Canadian distributorship for the "Ecolotec" Vacusweep unit, a municipal street-cleaning machine. It plans to actively market this unit during 1972.

Heavy Construction Tire Division

Although the tire industry generally suffered from slow conditions at the beginning of 1971, this Toronto subsidiary showed a modest profit for the year after gathering momentum in the final quarter. The installation of new modernized retreading equipment in early 1972 should increase both sales and profit margins for this division.

Concrete Products Division

Record sales and profits were recorded in 1971 for this company which is a distributor of building materials, major producer of ready-mix concrete and manufacturer of concrete block, brick and pipe products in Newfoundland. Projections for accelerated construction activity in Newfoundland during 1972 auger well for continued success in the years ahead.

McNamara Industries Division

McNamara Industries Limited, the major fabricator and erector of steel in Newfoundland, was acquired January 22, 1971 and experienced some volume decline and profit slowdown during the year. However, by mid-year the labour problems and work shortage of the first half were resolved and the upturn which occurred in the balance of the year is expected to continue during 1972.

McNamara Industries Limited and McNamara Construction of Newfoundland Limited were merged in December, 1971 to become McNamara Corporation of Newfoundland Limited.

Keele Lumber Division

On December 29, 1971 your company acquired the assets of Keele Lumber Limited in Metropolitan Toronto. Keele Lumber is a significant supplier

of building materials to housing contractors in southern Ontario and has made steady profit increases over the past ten years. Volume and profit forecasts for 1972 are at record levels and the expansion of activity in this new area is currently under review.

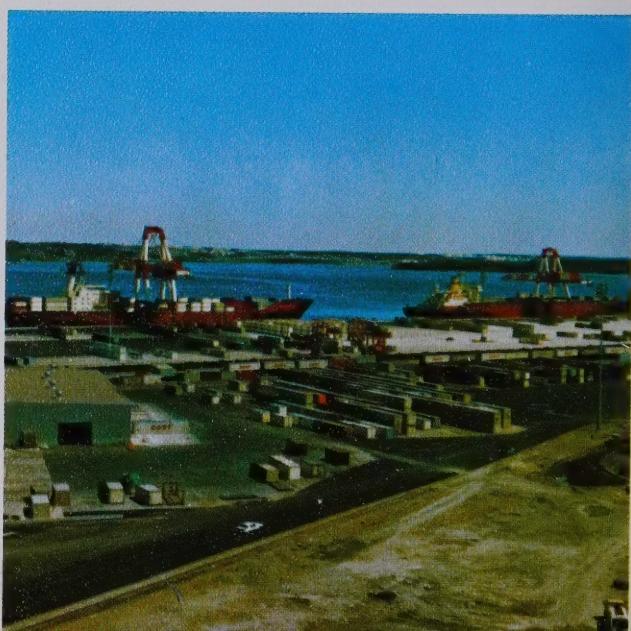
CONSTRUCTION OPERATIONS

Marine Division

The improvement in activity forecast for our Marine Division was experienced in 1971. Our joint venture with Marine Industries Limited and The J. P. Porter Company Ltd. was awarded a \$21 million, three-year dredging project at the Ile d'Orleans near Quebec City.

During the year, McNamara Marine completed a large reclamation project in Hamilton, Ontario, for the Steel Company of Canada, and the Marine construction section successfully completed the substructure of a bridge at Sault Ste. Marie for the Ontario Department of Transport and Communications. Other projects completed in 1971 were a bridge over the Shédiac River for the New Brunswick Department of Highways and a major dock at Digby, Nova Scotia for the Federal Department of Public Works.

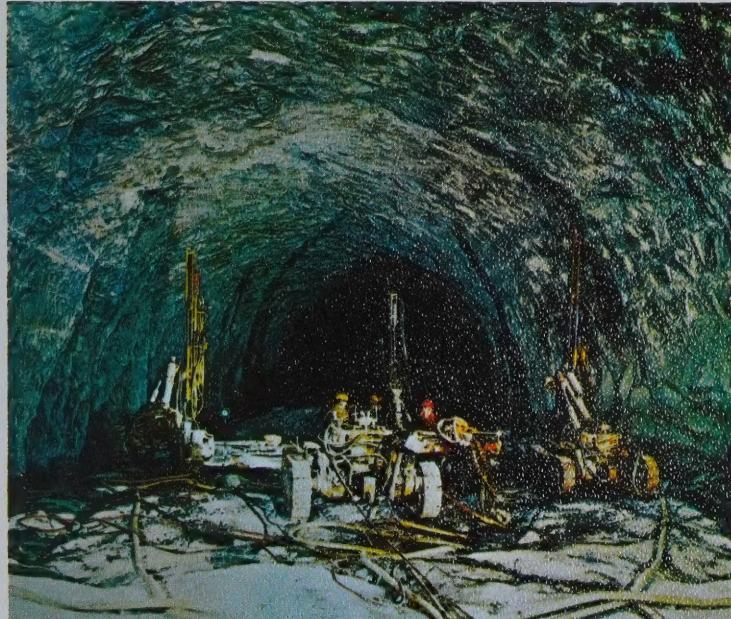
The drydock and marine yard at Whitby, Ontario were very active during the past year with new construction and ship conversion work for our own contracts and for the Ile d'Orléans joint venture.



The modern new Halifax pier and shipping terminal completed by the McNamara division of Bovis during September 1971, provides the seaport with Canada's largest pier and the capability now to handle the largest, ocean-going "container" vessels. The 1,800 foot long, 1,000 foot wide pier was a 3 stage, \$15 million project.

Bovis Corporation Limited

1971 Operations Review



Driving the 2,340 foot long, 55 foot "D" shaped diversion tunnel at the Manic 3 power project 400 miles northeast of Montreal. The tunnel, completed in November 1971 by the Cartier Construction division of Bovis, diverts the Manicouagan River around the site of the new Manic 3 dam while it's being built.

A joint undertaking, the first \$5 million dredging contract for Ontario Hydro at Nanticoke, was successfully completed in the past year and another partnership project, a \$3 million additional contract for a water intake near the same location, is well under way.

The outlook for new marine activities continues to be buoyant, both for 1972 and the next few years ahead.

Newfoundland Construction Division

During 1971, over \$15 million worth of road and bridge construction was completed by our construction division in the Province of Newfoundland.

Major projects undertaken for the Newfoundland government with the assistance of the Department of Regional and Economic Expansion included the grading and paving of several Burin Peninsula highway projects, work on Fogo Island, the Long Harbour Access Road, Donovan's Industrial Park and roads near Cape Broyle, Trepassey, Hawke's Bay and Witless Bay Line.

In addition, contracts in excess of \$7.5 million were begun on the St. John's Arterial Road, the first major four-lane, divided highway in Newfoundland, which will provide new access to the city of St. John's.

Heavy Construction Division

During 1971, work completed by the Heavy Construction Division included the Manic 3 Diversion Tunnel on the Manicouagan River in Quebec, the concrete paving of a pier in Halifax Harbour, and joint venture interests in the power development at Churchill Falls, Labrador, and Lower Notch Dam and Powerhouse near Cobalt, Ontario.

The McNamara sponsored Kettle Rapids Dam and Powerhouse joint venture at Gillam, Manitoba reached 95% completion during the year, while our joint venture sponsor for the construction of the Townline Tunnel under the new Welland Canal has now completed 75% of the contract. The Humphrey Mine Tunnel at Labrador City is almost fully constructed with completion scheduled for the end of June, 1972.

Unsettled Claims

Several claims of significant amounts are pending. The largest of these concerns the joint ventures on the Churchill Falls Powerhouse and the Oroville Dam Powerhouse project in California.

No claims appear in reported figures until compensation has been awarded.

MINING OPERATIONS

Our mining and explorations subsidiary, Gunnex Limited, began consolidating activities during 1971, and by February, 1972 was concentrating all of its activities on the management of and partnership participation in the successful Icon/Sullivan joint venture in Chibougamau, Quebec. During 1971, this mine produced 410,379 tons of copper ore, resulting in 12,502,160 pounds of returnable copper in concentrate form.

Plans call for the discontinuance of further exploration activities other than those considered essential to the Icon/Sullivan venture, so that the future profitability of this division can be optimized.

Research and Development

During 1971, the patent positions relating to the processes developed by Bohna Engineering and Research Inc. in San Francisco, California were consolidated and further on-going research and development activities terminated. Active discussion with prospective licensees will continue in 1972.

Bovis Corporation I

Consolidated

AS AT DECEMBER 31, 1971
(with comparative figures for 1970)

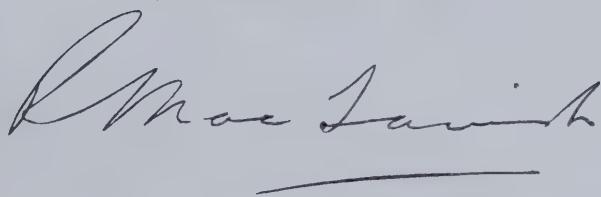
ASSETS	<u>1971</u>	<u>1970</u>
Current		
Cash and deposit receipts.....	\$ 2,131,000	\$ 129,000
Accounts and notes receivable, including \$2,245,000 retained by customers in accordance with contract provisions (1970—\$1,202,000).....	7,216,000	6,455,000
Receivable on sale of Supply Division.....	—	2,800,000
Income taxes recoverable—net.....	—	445,000
Special Refundable Tax.....	—	79,000
Inventories at the lower of cost and net realizable value....	4,616,000	4,210,000
Construction equipment for resale.....	—	1,471,000
Investment in joint ventures.....	3,460,000	6,619,000
Contracts in progress, at the lower of cost and net realizable value, less progress billings	562,000	512,000
Prepaid equipment rents, overhaul and other.....	959,000	982,000
	18,944,000	23,702,000
Sundry investments, at cost.....	995,000	1,733,000
Loans re Share Participation Plan (Note 5).....	605,000	—
Property, plant and equipment at cost.....	\$26,384,000	
Less accumulated depreciation.....	14,782,000	11,602,000
	\$32,146,000	\$34,330,000

United and Subsidiaries

Balance Sheet

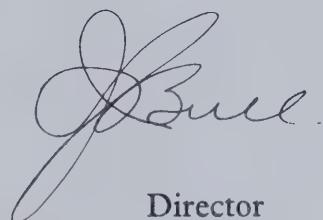
LIABILITIES	1971	1970
Current		
Accounts, notes payable and accrued charges.....	\$ 5,071,000	\$ 4,267,000
Sundry taxes payable.....	17,000	27,000
Provision for costs and losses (Note 4).....	1,100,000	2,838,000
	<u>6,188,000</u>	<u>7,132,000</u>
Mortgages payable.....	258,000	151,000
Term bank loans (Note 2).....	3,688,000	7,000,000
SHAREHOLDERS' EQUITY		
Capital stock (Note 5)		
Authorized		
15,000,000 shares without par value		
Issued		
11,928,466 shares (1970—11,628,466 shares).....	14,761,000	14,156,000
Contributed surplus.....	8,179,000	8,179,000
	<u>22,940,000</u>	<u>22,335,000</u>
Deficit.....	928,000	2,288,000
	<u>22,012,000</u>	<u>20,047,000</u>
	<u>\$32,146,000</u>	<u>\$34,330,000</u>

On Behalf of the Board



Mae Tanish

Director



J. B. Bell

Director

Bovis Corporation Limited and Subsidiaries

Consolidated Statement of Income

FOR THE YEAR ENDED DECEMBER 31, 1971
(with comparative figures for 1970)

	<u>1971</u>	<u>1970</u>
Gross revenue, including \$15,313,000 as share of joint venture revenue (1970—\$22,020,000).....	<u>\$62,835,000</u>	<u>\$62,572,000</u>
Income from operations before undernoted charges.....	<u>\$ 3,096,000</u>	<u>\$ 796,000</u>
Interest expense—term bank loans.....	405,000	174,000
Depreciation.....	1,331,000	1,241,000
Provision for foreign state income taxes.....	—	14,000
	<u>1,736,000</u>	<u>1,429,000</u>
Net income (loss) before extraordinary items.....	<u>1,360,000</u>	<u>(633,000)</u>
Extraordinary items:		
Forgiveness of bank indebtedness.....	—	5,500,000
Less: Value attributed to shares issued.....	—	(752,000)
Provision for known or estimated costs.....	—	(4,748,000)
Net income (loss) for year.....	<u>\$ 1,360,000</u>	<u>\$ (633,000)</u>
Net income (loss) per share (Note 10):.....	<u>\$.116</u>	<u>\$ (.097)</u>

Auditors' Report

TOUCHE ROSS & CO.

SUN LIFE BUILDING
200 UNIVERSITY AVENUE
TORONTO 110, ONTARIO
(416) 366-6521

The Shareholders,
Bovis Corporation Limited

We have examined the consolidated balance sheet of Bovis Corporation Limited and subsidiaries as at December 31, 1971 and the consolidated statements of income, deficit, and source and application of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of Bovis Corporation Limited and subsidiaries as at December 31, 1971 and the results of their operations and the source and application of working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent, except for the change set out in Note 9 with which we concur, with that of the preceding year.

Toronto, Ontario
February 21, 1972

Touche Ross & Co.
CHARTERED ACCOUNTANTS

Bovis Corporation Limited and Subsidiaries

Consolidated Statement of Source and Application of Working Capital

FOR THE YEAR ENDED DECEMBER 31, 1971
(with comparative figures for 1970)

	<u>1971</u>	<u>1970</u>
Source of Working Capital		
Net income (loss).....	\$ 1,360,000	\$ (633,000)
Expenses which did not require outlay of funds:		
Depreciation.....	1,331,000	1,211,000
Value attributed to shares issued.....	—	752,000
From operations.....	2,691,000	1,360,000
Net book value of fixed assets sold.....	271,000	330,000
Proceeds on issuance of shares.....	—	9,000,000
Term bank loans.....	—	7,000,000
	2,962,000	17,690,000
Application of Working Capital		
Purchase of fixed assets.....	1,726,000	1,628,000
Increase in sundry investments (net).....	3,000	687,000
Reclassification as fixed assets of construction equipment previously held for resale.....	—	391,000
Current debt on mortgage principal.....	12,000	4,000
Acquisitions:		
McNamara Industries Limited and operating assets of Keele Lumber Limited (net).....	523,000	—
50% share of marine assets previously owned by Joint Venture Partner.....	1,200,000	—
	3,464,000	2,710,000
Increase (decrease) in working capital before reduction of term bank loan.....	(502,000)	14,980,000
Reduction of term bank loan.....	(3,312,000)	—
Increase (decrease) in working capital.....	(3,814,000)	14,980,000
Working capital, January 1.....	16,570,000	1,590,000
Working capital, December 31.....	\$12,756,000	\$16,570,000

Consolidated Statement of Deficit

FOR THE YEAR ENDED DECEMBER 31, 1971
(with comparative figures for 1970)

	<u>1971</u>	<u>1970</u>
Deficit, January 1.....	\$ 2,288,000	\$ 1,655,000
Net income (loss) for the year.....	1,360,000	(633,000)
Deficit, December 31.....	\$ 928,000	\$ 2,288,000

Bovis Corporation Limited and Subsidiaries

Notes to Consolidated Financial Statements

1. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary companies; consequently, the results of a partially owned (51%) subsidiary are not included. The Company's interest in this subsidiary, which is a non-producing mining company in the exploration stage, is in the accounts at the cost of the investment \$497,000 plus advances of \$19,000.

2. The term bank loans are secured by charges on the assets of the Company and its wholly-owned subsidiaries, with the exception of certain construction assets.

The term loans of \$3,688,000 (including \$1,465,000 U.S.) which bear interest at 1% above the prime rate of a specified Canadian bank, are repayable as follows:

August 31, 1973	\$1,000,000
August 31, 1974	\$1,000,000
August 31, 1975	\$1,688,000

The term loans provide among other things that the Company maintain a consolidated net working capital of not less than \$5,000,000 and that the proceeds on disposition of certain assets of the Company and its subsidiaries will in whole or in part be applied to the principal amount of the term loans in inverse order of maturities of instalments payable. In 1971, the proceeds on the disposition of certain assets (\$3,312,000) were applied to the instalments originally due August 31, 1975.

3. It is the policy of the Company not to reflect claims for extra work in the financial statements until the compensation has been awarded.

4. In 1970 a provision for then-estimated costs and losses was set up of \$4,748,000, which had been reduced to \$2,838,000 as at December 31, 1970. During the year, the Company charged \$1,738,000 against such provision in respect of losses incurred on the discontinuance of certain operations, the sale of used equipment and in connection with litigation against a joint-venture

partner. Management believes the remaining provision is a fair and reasonable determination of the amounts required in respect of such remaining costs and losses.

5. Share issues and options

a) Under the Company's share participation plan which became effective in 1971, the Company issued 300,000 shares, out of 400,000 shares reserved, to directors, officers and other key employees at prices equal to the market value on the business day next preceding the day of issue.

The aggregate consideration received amounted to \$605,000. The Company provided interest free loans to said officers, directors and key employees in the aggregate amount of \$605,000 to enable the purchase of the aforementioned shares. Such loans (of which \$281,000 is due from officers and directors) may be repaid at any time and mature seven years from the purchase date. The shares purchased are held by a trustee and may be released to the employee at the rate of 20% per annum commencing one year after the purchase date, provided pro rata payment on account of the note is received.

b) Under the terms of an agreement dated August 27, 1970, with Bovis Limited of London, England, the Company granted an irrevocable and non-assignable option to Bovis Holdings (Canada) Limited to purchase at any time or from time to time, up to (but not after) August 31, 1973 an aggregate of 1,700,000 unissued shares of the Company at the price of \$3 per optioned share, payable in cash. No options were exercised in 1971.

c) As at January 1, 1971, the Company had reserved 188,750 shares of unissued capital stock pursuant to the Employee Incentive Stock Option Plan. During 1971, these options were surrendered or expired. As part consideration for services rendered and for surrendering an option for 170,000 shares under the aforementioned Employee Incentive Stock Option Plan, a former officer was granted an

irrevocable option to purchase 170,000 shares at any time or from time to time up to January 4, 1976 at the price of \$1.90 per share.

6. Remuneration of directors and senior officers of Bovis Corporation Limited from the Company and its subsidiaries for the year totalled \$392,000.

7. No income tax has been provided in respect of current year's income as the Company had no taxable income due to the deductibility for tax purposes of the charges made to the provision for costs and losses during the year, as referred to in Note 4.

8. The gross revenue by class of business is broken down as follows:

	<u>1971</u>	<u>1970</u>
Construction (including joint venture revenues of \$12,830,000; 1970 — \$20,300,000)	\$42,714,000	\$38,970,000
Supply Companies	17,412,000	21,807,000
Mining (including joint venture revenue of \$2,483,000; 1970 — \$1,720,000)	2,709,000	1,795,000
	<u>\$62,835,000</u>	<u>\$62,572,000</u>

9. During the year the Company increased the rate of depreciation on certain construction assets which resulted in an increased charge to income of \$118,000 compared to the charge that would have been recorded had the company been consistent with the policy followed in prior years.

10. Earnings per share have been calculated on the basis of the weighted average of shares outstanding during the year. Exercising of options outstanding as at December 31, 1971 (Note 5) would not have a dilutive effect on the 1971 earnings per share.

11. Acquisitions

On January 22 and December 29, 1971, respectively, the Company, through its subsidiaries acquired 100% of the outstanding common shares of McNamara Industries Limited, a steel fabricating and erection company and all of the assets and undertakings of Keele Lumber Limited, a building supply dealer.

The following net assets were acquired in the transactions which were accounted for as a purchase:

Assets at book value	\$ 6,829,868
Liabilities at book value	(2,617,737)
Decrease of McNamara Industries Limited fixed assets from book value to fair value	(3,759,179)
Goodwill on Keele Lumber acquisition carried at cost	40,000
Net assets of McNamara Industries Limited and Keele Lumber acquired	<u>\$ 492,952</u>

The following consideration was given by the company:

— Cash	\$ 372,952
— 9% mortgage due December 31, 1975	120,000
	<u>\$ 492,952</u>

The results of the operation of McNamara Industries Limited since the date of acquisition have been included in the consolidated income statement. However, since the assets of Keele Lumber were acquired December 29, 1971, no results of operations have been included in the consolidated statement of income.

Bovis Group

1971 International Highlights

The BOVIS GROUP achieved another year of record growth during 1971, with increased profitability in all main sectors of the business: unaudited pre-tax profits of £4.5 million sterling for 1971 compared to £3.3 million sterling in 1970. This growth, with one small exception, derived wholly from the organic expansion of BOVIS companies. An additional exceptional profit of £500,000 sterling arises from the sale of a trade investment.

The announcement of substantial expansion plans for the GROUP's real estate interests towards the end of the year was the principal feature of 1971. A £50 million sterling programme of commercial and industrial development in the U.K. and Europe is already underway. Building work worth £30 million sterling will be in progress on these developments during 1972. The already large private estate development activities of the GROUP, have been considerably increased by the acquisition (which was announced in October 1971) of Page-Johnson Builders Limited. The purchase of Page-Johnson, a substantial public company in the housing field, was completed in January 1972. BOVIS is now the second largest housing builder in Europe, with a land bank sufficient for over 18,000 units in Britain, Europe and Australia.

During the year, the GROUP undertook its first diversification with the acquisition of Twentieth Century Banking in October 1971. The Bank specializes in the provision of finance for building and property projects. Considerable potential for expansion exists in this area.

Among the several notable features of the year in construction was the entry of BOVIS into South East Asia. Under an arrangement with Gammon South East Asia Berhad, the largest civil engineering contractors in the area, BOVIS has taken over the management of that company on a fee basis.

The agreement includes options to purchase a controlling interest at any time up to May, 1975 jointly with the Commonwealth Development Finance Corporation.

In Britain, the continuing success of the fee system of building, pioneered by BOVIS in 1928 was underlined by the completion in record time of a highly complex £7½ million sterling factory under the management contract system. This was the first contract of its kind. All construction work was sublet and controlled by a small team of BOVIS managers.

The GROUP's civil engineering interests continued to advance with the award of several significant contracts, including one of £13 million sterling for a 13-mile section of the M.3 close to London.

Arrangements for the provision of further capital for expansion were also successfully concluded. The Rights Issue in July, 1971 raised £5.3 million sterling and was over subscribed. This coincided with the provision of substantial long-term institutional finance for the real estate development programme announced later in the year.

In addition, management of the large cash flow generated by the construction sector, has been further improved and is being used to advantage to reduce bank borrowings.



Bovis Corporation Limited and Subsidiaries

Directors:

J. S. Bull
J. N. Botsford
R. A. Davies, Q.C.
H. G. Emerson
R. MacTavish
R. F. Martin

H. McNamara
P. G. Naylor (London)
E. A. Payne
A. L. Quinlan
M. F. Sanderson (London)
E. J. Spence

Officers:

H. McNamara
Chairman of the Board
J. S. Bull
President & Chief Executive Officer
J. N. Botsford
Vice President
R. MacTavish
Secretary-Treasurer

Head Office:

Bovis Corporation Limited
255 Consumers Road
WILLOWDALE, Ontario

Construction:

McNamara Corporation Limited
—McNamara Marine Division
McNamara Construction of Ontario Limited
McNamara Construction Western Limited
McNamara Road Construction Limited
B. D. Bohna & Co. Ltd.
Cartier Construction Corporation
McNamara Corporation of California
McNamara Corporation of Newfoundland Limited

Supply:

Bohna Engineering & Research Inc:
McNamara Corporation of Newfoundland Limited
—McNamara Industries Division
Federal Equipment (Canada) Limited
—Federal Equipment (Eastern) Division
—Heavy Construction Tire Services Division
—Concrete Products Division
—Keele Lumber Division

Mining:

Gunnex Limited

**Introducing
our new Corporate symbol,
The "Hummingbird"**

Our new Corporate symbol was selected after a period of extensive design research. Not only does the "Hummingbird" meet all technical and aesthetic criteria of a company mark, it is colourful, instantly identifiable and has the principal characteristics associated with our Bovis Group of companies:

Speed—Energy—Strength—Versatility



Bovis Corporation Limited
Including The McNamara, Bohna, Gunnex,
and Federal Equipment Companies

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